東方報業集團有限公司
ORIENTAL PRESS GROUP LTD
(Incorporated in Hong Kong with limited liability)
(Stock Code: 18)

Announcement of results for the year ended 31 March 2010

The Directors of Oriental Press Group Limited (the "Company") announce that the audited consolidated results of the Company and its subsidiaries (collectively known as the "Group") for the year ended 31 March 2010 are as follows:

Consolidated Statement of Comprehensive Income
For the year ended 31 March 2010

	Notes	**2010 HK$'000**	2009 HK$'000
Revenue	3	**1,567,277**	1,637,522
Other income	3	**91,288**	55,075
Raw materials and consumables used		**(464,248)**	(674,795)
Staff costs including directors' emoluments		**(623,140)**	(676,308)
Depreciation		**(65,428)**	(71,169)
Other operating expenses		**(152,245)**	(200,322)
Net deficit on revaluation of property, plant and equipment		**(1,160)**	(47,162)
Fair value adjustments on investment properties		**17,841**	(57,002)
Net gain on disposal of property, plant and equipment		**1,098**	397
Gain on disposal of a subsidiary		**-**	398,824
Profit from operations	5	**371,283**	365,060
Finance costs	6	**(1,566)**	(8,278)
Profit before income tax		**369,717**	356,782
Income tax (expense)/credit	7	**(61,688)**	21,783
Profit for the year		**308,029**	378,565
Other comprehensive income/(loss)			
- Surplus/(deficit) on revaluation of buildings		**2,070**	(40,038)
- (Deferred tax liabilities)/reversal of deferred tax liabilities arising on revaluation of buildings		**(608)**	7,006
		1,462	(33,032)
- Exchange gain/(loss) on translation of financial statements of foreign operations		**6,585**	(11,444)
Other comprehensive income/(loss) for the year		**8,047**	(44,476)
Total comprehensive income for the year		**316,076**	334,089

	Notes	**2010** **HK$'000**	2009 HK$'000
Profit for the year attributable to :			
Equity holders of the Company	9	**307,492**	379,972
Minority interest		**537**	(1,407)
		308,029	378,565
Total comprehensive income attributable to :			
Equity holders of the Company		**315,122**	336,487
Minority interest		**954**	(2,398)
		316,076	334,089
Earnings per share for profit attributable to equity holders of the Company during the year	9		
- Basic		**HK12.8 cents**	HK15.8 cents
- Diluted		**N/A**	N/A

Consolidated Statement of Financial Position
As at 31 March 2010

	Notes	**2010** **HK$'000**	2009 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**844,432**	857,753
Leasehold land		**29,147**	29,935
Investment properties		**255,985**	201,830
Available-for-sale financial asset		**4,745**	4,745
Deferred tax assets		**35,292**	47,232
		1,169,601	1,141,495
Current assets			
Inventories	10	**95,556**	79,422
Trade receivables	11	**268,613**	210,549
Other debtors, deposits and prepayments		**10,740**	11,535
Taxation recoverable		**3,192**	35,406
Cash and cash equivalents		**1,695,667**	1,516,379
		2,073,768	1,853,291
Current liabilities			
Trade payables	12	**47,242**	49,327
Other creditors, accruals and deposits received		**98,174**	92,996
Taxation payable		**18,592**	2,808
Borrowings	13	**8,478**	6,208
		172,486	151,339
Net current assets		**1,901,282**	1,701,952
Total assets less current liabilities		**3,070,883**	2,843,447
Non-current liabilities			
Borrowings	13	**2,693**	3,672
Deferred tax liabilities		**76,125**	67,869
		78,818	71,541
Net assets		**2,992,065**	2,771,906
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**599,479**	599,479
Reserves		**2,389,918**	2,170,713
		2,989,397	2,770,192
Minority interest		**2,668**	1,714
Total equity		**2,992,065**	2,771,906

Consolidated Statement of Changes in Equity
For the year ended 31 March 2010

	Equity attributable to equity holders of the Company								
	Share capital HK$'000	Share premium HK$'000 (Note)	Exchange reserve HK$'000 (Note)	Properties revaluation reserve HK$'000 (Note)	Retained profits HK$'000 (Note)	Proposed dividend HK$'000 (Note)	Total HK$'000	Minority interest HK$'000	Total equity HK$'000
At 1 April 2008	599,479	814,485	28,633	90,621	1,044,362	203,823	2,781,403	4,112	2,785,515
Transfer upon disposal of a subsidiary	-	-	-	(47,889)	47,889	-	-	-	-
2008 final dividend paid	-	-	-	-	-	(203,823)	(203,823)	-	(203,823)
2009 interim dividend paid	-	-	-	-	(23,979)	-	(23,979)	-	(23,979)
2009 special dividend paid	-	-	-	-	(119,896)	-	(119,896)	-	(119,896)
Transactions with equity holders	-	-	-	(47,889)	(95,986)	(203,823)	(347,698)	-	(347,698)
Profit for the year	-	-	-	-	379,972	-	379,972	(1,407)	378,565
Other comprehensive income									
- Deficit on revaluation of buildings	-	-	-	(40,038)	-	-	(40,038)	-	(40,038)
- Reversal of deferred tax liability arising on revaluation of buildings	-	-	-	7,006	-	-	7,006	-	7,006
- Exchange loss on translation of financial statements of foreign operations	-	-	(10,453)	-	-	-	(10,453)	(991)	(11,444)
Total comprehensive income for the year	-	-	(10,453)	(33,032)	379,972	-	336,487	(2,398)	334,089
Proposed 2009 final dividend (Note 8)	-	-	-	-	(95,917)	95,917	-	-	-
At 31 March 2009 and 1 April 2009	599,479	814,485	18,180	9,700	1,232,431	95,917	2,770,192	1,714	2,771,906
2009 final dividend paid	-	-	-	-	-	(95,917)	(95,917)	-	(95,917)
Transactions with equity holders	-	-	-	-	-	(95,917)	(95,917)	-	(95,917)
Profit for the year	-	-	-	-	307,492	-	307,492	537	308,029
Other comprehensive income									
- Surplus on revaluation of buildings	-	-	-	2,070	-	-	2,070	-	2,070
- Deferred tax liability arising on revaluation of buildings	-	-	-	(608)	-	-	(608)	-	(608)
- Exchange gain on translation of financial statements of foreign operations	-	-	6,168	-	-	-	6,168	417	6,585
Total comprehensive income for the year	-	-	6,168	1,462	307,492	-	315,122	954	316,076
At 31 March 2010	**599,479**	**814,485**	**24,348**	**11,162**	**1,539,923**	**-**	**2,989,397**	**2,668**	**2,992,065**

Note: These reserve accounts comprise the consolidated reserves of HK$2,389,918,000 (2009: HK$2,170,713,000) in the consolidated statement of financial position of the Group.

Notes to the Financial Statements
For the year ended 31 March 2010

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the requirements of the Hong Kong Companies Ordinance. The financial statements also include the applicable disclosure requirements of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("the Stock Exchange").

The financial statements have been prepared on the historical cost basis except for the revaluation of certain properties and financial assets.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

2. ADOPTION OF NEW OR AMENDED HKFRSs

In the current year, the Group has applied, for the first time the following new standards, amendments and interpretations (the "new HKFRSs") issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 April 2009 :

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or an Associate
HKAS 32, HKAS 39 & HKFRS 7 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 2 (Amendments)	Share-based Payment – Vesting Conditions and Cancellations
HKFRS 7 (Amendments)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Reassessment of Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
Various	Annual Improvements to HKFRSs 2008

Other than as noted below, the adoption of the new HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

HKAS 1 (Revised 2007) Presentation of financial statements
The adoption of HKAS 1 (Revised 2007) makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. A third statement of financial position as at the beginning of the earliest comparative period is required when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements or when it reclassifies items in its financial statements. It also gives rise to additional disclosures.

The measurement and recognition of the Group's assets, liabilities, income and expenses is unchanged. However, some items that were recognised directly in equity are now recognised in other comprehensive income, for example revaluation of property, plant and equipment. HKAS 1 affects the presentation of owner changes in equity and introduces a “Statement of comprehensive income”. Comparatives have been restated to conform with the revised standard. The Group has applied changes to its accounting polices on presentation of financial statements retrospectively. However, the changes to the comparatives have not affected the consolidated or parent company statement of financial position at 1 January 2008 and accordingly the third statement of financial position as at 1 January 2008 is not presented.

HKFRS 7 (Amendments) Improving disclosures about financial instruments

The amendments require additional disclosures for financial instruments which are measured at fair value in the statement of financial position. These fair value measurements are categorised into a three-level fair value hierarchy, which reflects the extent of observable market data used in making the measurements. In addition, the maturity analysis for derivative financial liabilities is disclosed separately and should show remaining contractual maturities for those derivatives where this information is essential for an understanding of the timing of the cash flows. The Group has taken advantage of the transitional provisions in the amendments and has not provided comparative information in respect of the new requirements.

HKFRS 8 Operating segments

The adoption of HKFRS 8 has not affected the identified and reportable operating segments for the Group. However, reported segment information is now based on internal management reporting information that is regularly reviewed by the chief operating decision maker. In the previous annual financial statements, segments were identified by reference to the dominant source and nature of the Group's risk and returns. Comparatives have been restated on a basis consisted with the new standard.

At the date of authorisation of these financial statements, certain new and amended HKFRSs have been published but are not effective, and have not been adopted early by the Group.

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Certain other new and amended HKFRSs have been issued but are not expected to have a material impact of the Group's financial statements.

HKFRS 3 Business combinations (Revised 2008)

The standard is applicable in reporting periods beginning on or after 1 July 2009 and will be applied prospectively. The new standard still requires the use of the purchase method (now renamed the acquisition method) but introduces material changes to the recognition and measurement of consideration transferred and the acquiree's identifiable assets and liabilities, and the measurement of non-controlling interests (previously known as minority interest) in the acquiree. The new standard is expected to have a significant effect on business combinations occurring in reporting periods beginning on or after 1 July 2009.

HKFRS 9 Financial instruments

The standard is effective for accounting periods beginning on or after 1 January 2013 and addresses the classification and measurement of financial assets. The new standard reduces the number of measurement categories of financial assets and all financial assets will be measured at either amortised cost or fair value based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Fair value gains and losses will be recognised in profit or loss except for those on certain equity investments which will be presented in other comprehensive income. The directors are currently assessing the possible impact of the new standard on the Group's results and financial position in the first year of application.

HKAS 27 Consolidated and separate financial statements (Revised 2008)
The revised standard is effective for accounting periods beginning on or after 1 July 2009 and introduces changes to the accounting requirements for the loss of control of a subsidiary and for changes in the Group's interest in subsidiaries. Total comprehensive income must be attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. The directors do not expect the standard to have a material effect on the Group's financial statements.

Annual improvements 2009
The HKICPA has issued Improvements to Hong Kong Financial Reporting Standards 2009. Most of the amendments become effective for annual periods beginning on or after 1 January 2010. The Group expects the amendment to HKAS 17 Leases to be relevant to the Group's accounting policies. Prior to the amendment, HKAS 17 generally required a lease of land to be classified as an operating lease. The amendment requires a lease of land to be classified as an operating or finance lease in accordance with the general principles in HKAS 17. The Group will need to reassess the classification of its unexpired leases of land at 1 January 2010 on the basis of information existing at the inception of those leases in accordance with the transitional provisions for the amendment. The amendment will apply retrospectively except where the necessary information is not available. In that situation, the leases will be assessed on the date when the amendment is adopted. The directors are currently assessing the possible impact of the amendment on the Group's results and financial position in the first year of application.

3. REVENUE AND TURNOVER

Revenue from the Group's principal activities, which is also the Group's turnover, represents total invoiced value of goods supplied, lease income from operating leases and income from provision of services. Revenue recognised during the year is as follows:

	2010 **HK$'000**	2009 HK$'000
Publication of newspapers	**1,529,545**	1,583,441
Internet subscription and advertising income	**15,374**	15,404
Rental income from investment properties	**4,989**	8,383
License fee income from hotel property	**5,200**	4,746
Income from canteen/restaurant operation	**12,169**	10,731
Printing service income	**-**	14,817
	1,567,277	1,637,522

	2010 **HK$'000**	2009 HK$'000
Included in other income are :		
Interest earned on bank deposits	**2,503**	25,721
Sales of scrap materials	**7,622**	11,189

4. SEGMENT INFORMATION

On adoption of HKFRS 8, based on the regular internal financial information reported to the Group's executive directors, being the chief operating decision makers, for their decision about resources allocation to the Group's business components and review of these components' performance, the Group has identified only one reportable operating segment, the publication of newspapers. The revenues of other operating segments include rental income from investment properties, license fee income from hotel property and income from restaurant operation.

Information regarding the Group's segments as provided to the Group's executive directors is set out below :

	Publication of newspapers		**All other segments**		**Total**	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Reportable segment revenue from external customers	**1,554,953**	1,626,900	**12,324**	10,622	**1,567,277**	1,637,522
Reportable segment profit/(loss)	**327,726**	57,105	**10,684**	(60,959)	**338,410**	(3,854)
Interest expenses	**(1,285)**	(8,023)	**(281)**	(255)	**(1,566)**	(8,278)
Depreciation and amortisation	**(63,838)**	(71,957)	**(2,378)**	-	**(66,216)**	(71,957)
Net deficit of revaluation of property, plant and equipment	**(1,160)**	(47,162)	**-**	-	**(1,160)**	(47,162)
Fair value adjustments on investment properties	**-**	-	**17,841**	(57,002)	**17,841**	(57,002)
Reportable segment assets	**3,189,342**	2,952,753	**323,094**	223,108	**3,512,436**	3,175,861
Additions to non-current assets during the year	**9,280**	23,128	**12,666**	95,249	**21,946**	118,377

Reportable segment revenue represented turnover of the Group in the consolidated statement of comprehensive income. Reconciliations between the reportable segment profit/(loss) and reportable segment assets to the Group's profit before income tax and the Group's assets are set out below :

	2010	2009
	HK$'000	HK$'000
Reportable segment profit/(loss)	**338,410**	(3,854)
Unallocated corporate income	**69,873**	424,545
Unallocated corporate expenses	**(38,566)**	(63,909)
Profit before income tax	**369,717**	356,782

	2010	2009
	HK$'000	HK$'000
Reportable segment assets	**3,512,436**	3,175,861
Available-for-sale financial asset	**4,745**	4,745
Consolidation	**(273,812)**	(185,820)
Group assets	**3,243,369**	2,994,786

The Group's revenues from external customers and its non-current assets (other than financial instruments and deferred tax assets) are divided into the following geographical areas:

	Revenue from external customers		**Non-current assets**	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong (country of domicile)	**1,554,953**	1,626,900	**829,557**	887,688
Australia	**12,324**	10,622	**300,007**	201,830
	1,567,277	1,637,522	**1,129,564**	1,089,518

The geographical location of customers is determined based on the location at which the services were provided or the goods delivered. The geographical location of the non-current assets (other than financial instruments and deferred tax assets) is determined based on the physical location of the assets. For the purpose of presenting geographical location of the Group's revenue from external customers and the Group's non-current assets (other than financial instruments and deferred tax assets), country of domicile is determined by reference to the country where the majority of the Company's subsidiaries operate.

5. PROFIT FROM OPERATIONS

	2010 **HK$'000**	2009 HK$'000
Profit from operations is arrived at after charging/(crediting) :		
Impairment of trade receivables	**115**	960
Depreciation :		
- Owned assets	**64,198**	69,955
- Leased assets	**1,230**	1,214
Amortisation of leasehold land	**788**	788
Net exchange (gain)/loss	**(67,370)**	24,925
Outgoings in respect of investment properties (excluding hotel property) that generated rental income during the year	**1,335**	2,323
Operating lease charges in respect of land and buildings	**5,179**	5,474
Rental income from investment properties (excluding hotel property) less outgoings	**(3,654)**	(6,060)

6. FINANCE COSTS

	2010 **HK$'000**	2009 HK$'000
Interest charges on borrowings wholly repayable within five years :		
Bank loan	**2**	7,120
Other loan	**279**	255
Finance leases	**1,285**	903
	1,566	8,278

7. INCOME TAX EXPENSE/(CREDIT)

Hong Kong Profits Tax has been provided at the rate of 16.5% (2009 : 16.5%) of the estimated assessable profit for the year. On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which includes the reduction in the profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009.

Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2010	2009
	HK$'000	HK$'000
Current tax		
- Hong Kong Profits Tax	**33,723**	22,888
- Under/(Over)-provision in respect of prior years	**2,630**	(1,780)
	36,353	21,108
Deferred taxation		
- Current year	**25,335**	(38,876)
- Effect on change in tax rate	-	(4,015)
	25,335	(42,891)
	61,688	(21,783)

8. DIVIDENDS

(a) Dividends attributable to the year

	2010	2009
	HK$'000	HK$'000
2009 Interim dividend paid : HK1 cent per share	**-**	23,979
2009 Special dividend paid : HK5 cents per share	**-**	119,896
2009 final dividend : HK4 cents per share	**-**	95,917
	-	239,792

The directors did not recommend the payment of a final dividend for the current financial year.

(b) Dividends recognised as distributions during the year

	2010 HK$'000	2009 HK$'000
2009 Final dividend	**95,917**	-
2009 Interim dividend	-	23,979
2009 Special dividend	-	119,896
2008 Final dividend	-	203,823
	95,917	347,698

9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of HK$307,492,000 (2009 : HK$379,972,000) and on 2,397,917,898 (2009: 2,397,917,898) ordinary shares in issue during the year.

No diluted earnings per share have been presented as there were no potential ordinary shares in issue for both years.

10. INVENTORIES

	2010 HK$'000	2009 HK$'000
Newsprint and printing materials	**71,983**	57,141
Spare parts and supplies	**22,192**	21,325
Others	**1,381**	956
	95,556	79,422

11. TRADE RECEIVABLES

The Group allows an average credit of 90 days to its trade customers and no interest is charged. All trade receivables are denominated in Hong Kong dollars which is the functional currency of the group entities to which these balance relate.

The following is an aging analysis of trade receivables after deducting the provision for impairment loss at the reporting date :

	2010 HK$’000	2009 HK$’000
0 - 60 days	**120,723**	97,426
61 - 90 days	**49,334**	42,506
Over 90 days	**98,556**	70,617
	268,613	210,549

12. TRADE PAYABLES

The following is an aged analysis of trade payables at the reporting date:

	2010	2009
	HK$'000	HK$'000
0 - 60 days	**42,468**	47,259
61 - 90 days	**3,614**	938
Over 90 days	**1,160**	1,130
	47,242	49,327

13. BORROWINGS

	2010	2009
	HK$'000	HK$'000
Borrowings wholly repayable within five years :		
- Other loan	**7,499**	5,613
- Obligations under finance leases	**3,672**	4,267
	11,171	9,880
Less: Current portion due within one year included under current liabilities		
- Other loan	**7,499**	5,613
- Obligations under finance leases	**979**	595
	8,478	6,208
Non-current portion included under non-current liabilities		
- Obligations under finance leases	**2,693**	3,672

At 31 March 2010 and 2009, other loan denominated in Australian dollars, which was made by a minority shareholder of a subsidiary of the Company, was unsecured, interest bearing at 4% per annum and repayable on demand.

The carrying amounts of borrowings approximate their fair value.

The analysis of the obligations under finance leases is as follows :

	Minimum lease payments		Present value of minimum lease payments	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Obligation under finance leases :				
Due within one year	**1,880**	1,880	**979**	595
Due in the second to fifth years	**3,389**	5,269	**2,693**	3,672
	5,269	7,149	**3,672**	4,267
Less: Future finance charges on finance leases	**(1,597)**	(2,882)		
Present value of lease obligations	**3,672**	4,267		
Less: Amount due for settlement within one year included under current liabilities			**(979)**	(595)
Amount due for settlement in the second to the fifth year included under non-current liabilities			**2,693**	3,672

The Group has entered into finance leases for certain plant, machinery and printing equipment. The leases run for a period of five years and do not have an option to renew the lease terms. All leases are on a fixed repayment basis and no arrangements have been entered into for any contingent rental provisions. Under the terms of lease, the Group has the option to purchase the lease assets at a price that is expected to be sufficiently lower than the fair value of the leased asset at the end of the lease.

The Group's obligations under finance leases are secured by the lessors' charge over the leased assets and are all denominated in Hong Kong dollars.

RESULTS

For the year ended 31 March 2010, the audited consolidated profit attributable to shareholders of the Group amounted to HK$307,492,000.

DIVIDENDS

The prospects of Hong Kong economy remain unclear and an increase in the price of newsprint has been observed, which is likely to result in a decrease in the income and an increase in the costs of the Group for the coming year. Moreover, the Group is actively seeking substantial and commercially viable investment projects to diversify its business. Given the tightening of lending policy of banks, rather than relying on bank borrowings, the Group should conserve sufficient cash resources to meet the challenges ahead and provide for such investments. The Board has therefore resolved not to recommend any final dividend for the year ended 31 March 2010 (2009 : HK4 cents per share).

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 6 August 2010 to 11 August 2010, both days inclusive, during which period no transfer of shares will be effected.

In order to qualify to attend the Annual General Meeting of the Company to be held on 11 August 2010, all transfers accompanied with the relevant share certificates must be deposited at the Company's share registrar, Tricor Friendly Limited, whose address is 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration no later than 4:00 p.m. on 5 August 2010.

BUSINESS REVIEW

"Oriental Daily News" has continued to be the best-selling and most widely read newspaper in Hong Kong for 34 consecutive years, and is truly "The Paper for Hong Kong". Based on the findings of Oracle Added Value, one of the four largest international marketing research companies in Hong Kong, "Oriental Daily News" readership hit 3,440,272 in March 2010, representing an increase of 404,739 or 13% as compared to the findings in June 2008. To sustain quality improvement, "Oriental Daily News" constantly revamps its layout and strengthens the quality of news, not only to consolidate its existing readership, but also to widen the spectrum of its readership. This initiative provides a more effective platform for advertisers to market their products. Benefiting from the strong recovery of local economy in late 2009, the advertising revenue of "Oriental Daily News" in the second half of the year surged by 10% as compared to that of the first half of the year. The performance is satisfactory.

"The Sun" is holding fast as the third best-selling Chinese newspaper in Hong Kong. Based on the findings of Oracle Added Value, one of the four largest international marketing research companies in Hong Kong, "The Sun" readership hit 1,295,913 in March 2010, representing an increase of 284,069 or 28% as compared to the findings in June 2008. Targeting at the young generation, "The Sun" has sustained its outspoken and unique style, and continued to uncover explosive news, with in depth exploration and analysis, to fully satisfy the desire of the young generation in their pursuit for the truth. The layout of "The Sun" is refreshing and concise. The dynamic fashion supplement is particularly welcomed by the readers. The advertising revenue of "The Sun" was remarkable in the year and recorded a growth of 16% as compared to that of the last interim period, and has contributed to the Group's earnings.

"on.cc" is the news portal with highest viewership in Hong Kong. It has attracted up to 2.42 million monthly unique visitors. Its Money18 (Website: money18.on.cc) is also the free financial website with the highest viewership among all the news portal in Hong Kong, attracting more than 850,000 monthly unique visitors during the year. To cope with the mainstream technologies of new media for mobile surfing, "on.cc" launched iphone instant news, "Oriental Daily News ⓔ Paper" and "The-sun ⓔ Paper". These features are highly welcomed by netizens and have recorded a substantial increase of the readership of "on.cc". Meanwhile, "on.cc" revamped its mobile version (Website: m.on.cc) comprehensively to allow readers to receive the latest information, including those from the Group's two newspapers, instant news, financial, sports and entertainment news, traffic and weather reports, anytime and anywhere. This feature has also successfully diversified the advertising channels. From March 2010, "orientaldaily.on.cc" has initiated a keyword searching system; readers can now clearly grasp the latest development and background information of every piece of news. Since October 2009, through its cooperation with the Hong Kong Stock Exchange in the launch of Money18, "on.cc" has started to provide readers free real-time stock quotes. It is widely appreciated by general investors and advertisers. The daily pages viewed have also increased to 8 million pages. To cope with reader's requirements, iphone Money18 applications were released in early 2010, which provide instant news, experts' recommendation and overview of portfolio, and also successfully attract financial readership that use mobile surfing service.

"ontv" is the only Hong Kong online TV news channel with 24-hour update, and has attracted over 1.24 million monthly unique visitors. The prompt approach in news reporting of "ontv" is highly acclaimed. During the year, the reports on Gary Chaw's Street Brawl, Collapse of Building in Ma Tau Wai and Stephen Chan's Arrest became talk of the town, and "ontv" released short clips of those events at the very first moment, which aroused netizens' visits and discussion, and further boosted the page viewership of "ontv". Following the networkization of audio and video devices, the programs of "ontv" can now be broadcasted through new devices like IPTV and set-top box; it is foreseeable that the influence of "ontv" will follow the footsteps of the internet world and proliferate.

On overseas investments, the overseas properties held by the Group continued to bring in steady rental income. Benefiting from the rise of exchange rate in the year, the overseas investment properties contributed a revenue of HK$10,189,000 to the Group. The Group may consider realizing such investment properties in a buoyant market to bring in profits to the Group.

BUSINESS OUTLOOK

The Group will continue to consolidate its business development of "two papers, one portal and one TV", for the purpose of striving for the best, maintaining leading position of various products in their respective markets, and gaining further support from advertisers. "on.cc" will be committed to the mission of exploring new markets, optimizing news products, fulfilling market requirements by applying mainstream technologies, and enhancing the attractiveness for advertisers. Given the intense competition of the media industry in Hong Kong, the Group will actively seek for other development opportunities to expand its business, in order to increase its sources of revenue and its aim for diversified development.

Even though there are signs of stabilization of the global economy, the road to recovery remains sluggish, and uncertainties still prevail. We may expect that if in the second half of this year, the European debt crisis worsens, some governments exit from the markets and the bank interest rate is increased, local economy will encounter another round of new challenges. If this happens, we cannot rule out the possibility that advertisers may, under the threat of a bearish consumer market, trim their expenses and this will adversely affect the advertising revenue of the Group's two newspapers and the portal. Also, the uptrend of the price of newsprint will increase the Group's operating costs. All these will bring pressure on the Groups' profitability in the coming year.

FINANCIAL RESOURCES AND LIQUIDITY

The Group always maintains a strong liquidity. The working capital at 31 March 2010 amounted to HK$1,901,282,000 (2009 : HK$1,701,952,000), which includes time deposits, bank balances and cash amounting to HK$1,695,667,000 (2009 : HK$1,516,379,000).

At 31 March 2010, the Group's gearing ratio, measured on the basis of total borrowings as a percentage of total shareholders' equity, was 0.4% (2009 : 0.4%).

During the year, the Group's capital expenditure was approximately HK$21,397,000.

CONTINGENT LIABILITY

At 31 March 2010, the Group has no material contingent liability.

EMPLOYEES AND REMUNERATION POLICIES

At 31 March 2010, the Group employed 2,132 employees. Remuneration for employees including medical benefits is determined based on industry practice, the performance and working experience of the employees, and the current market conditions. The Group has implemented a training scheme to groom a new generation of journalists.

EXPOSURE TO FOREIGN EXCHANGE

The Group mainly operates in Hong Kong and most of the Group's transactions are carried out in Hong Kong dollars. The Group is exposed to foreign currency risk on transaction that is in a currency other than the respective functional currency of the group entities. The currencies giving rise to this risk are primarily United States and Australian dollars. Currently the Group does not have foreign currency hedging policy but the management continuously monitors foreign exchange exposure and will consider hedging significant foreign currency exposure where appropriate.

CORPORATE GOVERNANCE

The Company has complied, throughout the financial year, with the code provision set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules, except that independent non-executive directors of the Company were not appointed for a specific term, but are subject to retirement by rotation in accordance with the article of the Company's Articles of Association.

AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the annual results for the year ended 31 March 2010 with the management. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2010 have been agreed by the Group's auditors, Grant Thornton, to the amounts set out in the Group's consolidated financial statements for the year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules. Following specific enquiries by the Company, all Directors have confirmed that they have achieved full compliance with the required standards as laid down in the Model Code for the year ended 31 March 2010.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF ANNUAL REPORT

The annual report for the year ended 31 March 2010 will be dispatched to the shareholders and published on both of the websites of the Stock Exchange and the Company in due course.

ANNUAL GENERAL MEETING

The 2010 Annual General Meeting of the Company will be held on Wednesday, 11 August 2010 and the Notice of Annual General Meeting will be published and despatched in the manner as required by the Listing Rules in due course.

On behalf of the Board
Ching-fat MA
Chairman

Hong Kong, 18 June 2010

As at the date hereof, the Board comprises seven directors, of which three are executive directors, namely Mr. Ching-fat MA (Chairman), Mr. Ching-choi MA (Vice-Chairman) and Mr. Shun-chuen LAM (Chief Executive Officer), one non-executive director, namely Mr. Dominic LAI and three independent non-executive directors, namely Mr. Yau-nam CHAM, Mr. Ping-wing PAO and Mr. Yat-fai LAM.